

FINANCIAL STATEMENTS AND  
INDEPENDENT ACCOUNTANT'S REPORT  
LOUISIANA CULTURAL ECONOMY FOUNDATION  
FOR THE YEAR ENDED DECEMBER 31, 2012

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date NOV 06 2013

LOUISIANA CULTURAL ECONOMY FOUNDATION

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# PAILET, MEUNIER and LeBLANC, L.L.P.

Certified Public Accountants  
Management Consultants

## INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors of  
Louisiana Cultural Economy Foundation

### Report on the Financial Statements

We have audited the accompanying financial statements of Louisiana Cultural Economy Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Cultural Economy Foundation as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated May 09, 2013, on our consideration of Louisiana Cultural Economy Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisiana Cultural Economy Foundation's internal control over financial reporting and compliance.

*Paillet, Meunier and LeBlanc, LLP*

Metairie, Louisiana  
May 09, 2013

LOUISIANA CULTURAL ECONOMY FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2012

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 65,380
Accounts Receivable	<u>38,750</u>
Total Current Assets	104,130
Property and Equipment	
Furniture, Fixtures & Equipment	17,831
Accumulated Depreciation	<u>(9,121)</u>
Total Property and Equipment	<u>8,710</u>
Total Assets	<u>\$ 112,840</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	\$ 62,749
Accrued Payroll and Payroll Taxes	<u>2,414</u>
Total Liabilities	65,163
Contingencies	-
Net Assets	
Unrestricted	47,677
Temporarily Restricted	<u>-</u>
Total Net Assets	<u>47,677</u>
Total Liabilities and Net Assets	<u>\$ 112,840</u>

The accompanying notes are an integral part of the financial statements

LOUISIANA CULTURAL ECONOMY FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012

**UNRESTRICTED NET ASSETS**

Unrestricted Revenue and Gains	
Contributions	
Individuals	\$ 12,679
Corporations	102,350
Foundations	116,028
State Grants	120,550
In-Kind Contributions	41,023
Special Events	16,270
Fiscal Agent Income	
Fiscal Agent Income	29,900
CWV Debt Forgiveness	100,264
Earned Revenue	
Fiscal Agency Fee Revenue	4,122
Rental Income	4,590
Interest Income	688
Net Assets Released from Restrictions	
Donor Restrictions Satisfied	<u>31,950</u>
Total Unrestricted Revenue and Other Support	<u>580,414</u>
Expenses	
Program	503,289
Supporting	<u>105,413</u>
Total Expenses	<u>608,702</u>
Increase/(Decrease) in Unrestricted Net Assets	<u>(28,288)</u>
Temporarily Restricted Net Assets	
Special Initiative	
Creative Communities Initiative	31,950
Net Assets Released from Restrictions	
Donor Restricted Satisfied	<u>(31,950)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	-
Increase (Decrease) in Net Assets	(28,288)
Net Assets at Beginning of Year	<u>75,965</u>
Net Assets at End of Year	<u>\$ 47,677</u>

The accompanying notes are an integral part of the financial statements

LOUISIANA CULTURAL ECONOMY FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Total</u>	<u>Program Services</u>	<u>Supporting Services</u>
Fiscal Agent	\$ 37,681	\$ 37,681	\$ -
EOF Grant	45,585	45,585	-
Healthcare Initiative	104,586	104,586	-
Salaries	186,274	149,019	37,255
Payroll Taxes & Benefits	29,251	23,401	5,850
Professional Fees	76,375	61,100	15,275
Office Rent	14,795	11,836	2,959
Utilities	5,404	4,323	1,081
Fundraising	26,553	-	26,553
General & Administrative	41,174	32,939	8,235
In-Kind Contributions	<u>41,024</u>	<u>32,819</u>	<u>8,205</u>
 Total Expenses	 <u>\$ 608,702</u>	 <u>\$ 503,289</u>	 <u>\$ 105,413</u>

The accompanying notes are an integral part of the financial statements

LOUISIANA CULTURAL ECONOMY FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2012

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase(Decrease) in Net Assets	\$ (28,289)
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation and amortization	3,129
(Increase) decrease in operating assets	
Accounts Receivable	(38,731)
Grants Receivable	-
Increase (decrease) in operating liabilities	
Accounts Payable	(42,132)
Accrued Payroll and Payroll Taxes	1,898
Deferred Revenue	-
Total adjustments	<u>(75,836)</u>
Net cash provided (used) by operating activities	<u>(104,125)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Property & Equipment additions	<u>-</u>
Net cash provided (used) by investing activities	<u>-</u>
Net increase in cash and equivalents	(104,125)
Cash and equivalents, beginning of year	<u>169,505</u>
Cash and equivalents, end of year	<u><u>\$ 65,380</u></u>

The accompanying notes are an integral part of the financial statements



LOUISIANA CULTURAL ECONOMY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

**NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

Louisiana Cultural Economy Foundation (The Foundation) is a Louisiana not-for-profit 501(c)(3) corporation, which strives to be a catalyst for the development and enhancement of the distinct cultural industries of Louisiana by promoting the economic health and quality of life of our cultural economy workforce

The Foundation provides support to Louisiana's cultural economy to make it an engine of economic and social rebirth. The support generated by the Foundation is used to support the economic health and quality of life for Louisiana's cultural economy workforce statewide.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements for Not-for-profit Entities*. Under ASC 958-205, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. For the year ending December 31, 2012, there was \$ 31,950 in temporarily restricted net assets and no permanently restricted net assets.

The statement of activities presents expenses of the Foundation's operations functionally between program measurement, and management and general. Those expenses which cannot be functionally categorized are allocated between functions based upon management's estimate of usage applicable to conducting those functions.

Basis of Accounting

The accompanying financial statements have been prepared based on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Income Taxes

The Foundation is a not-for-profit Foundation that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code.

Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

LOUISIANA CULTURAL ECONOMY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

**NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents

Furniture, Fixtures, and Equipment

Furniture, Fixtures, and Equipment are recorded at cost. Donations of property and equipment are recorded as Furniture, Fixtures, and Equipment at their estimated fair value. It is the Foundation's policy to depreciate the assets over their estimated useful lives of five (5) years using the straight line depreciation method.

Expenditures for maintenance and repairs are charged to expense as incurred.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporary or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based upon management's knowledge and experience and management's analysis of specific promises made. Based on prior experience, management believes all receivables to be collectible.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. A restriction expires when a stipulated time constraint ends or the purpose of the restriction is accomplished. At that point, the restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Donated goods and services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

LOUISIANA CULTURAL ECONOMY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

**NOTE B - CASH AND EQUIVALENTS**

At December 31, 2012 the Foundation has cash and cash equivalents (book balances) totaling \$65,380

Cash	\$ 65,380
Cash Equivalents	-
Total	<u>\$ 65,380</u>

These deposits are stated at cost, which approximates market. The Foundation had \$94,727 in deposits (collected bank balances) at various banks as of December 31, 2012. These deposits are secured from risk by \$250,000 of federal deposit insurance through multiple banks.

**NOTE C - PROPERTY AND EQUIPMENT**

A summary of property, plant, and equipment and depreciation are as follows as of December 31, 2012

Furniture, fixtures, & equipment	\$ 5,110
Computer Hardware/Software	12,721
Accumulated Depreciation	<u>(9,121)</u>
Total Property and Equipment	<u>\$ 8,710</u>
Depreciation Expense	<u>\$ 3,129</u>

**NOTE D - TEMPORARILY RESTRICTED NET ASSETS**

Currently Louisiana Cultural Economy Foundation has \$31,950 in temporarily restricted net assets. This is the result of an amended grant from the LDOA in which funds were restricted from use until 2013.

**NOTE E - LEASES**

The Foundation maintains an operating lease for the second floor of an office building in New Orleans, Louisiana. The Foundation entered into a 3 year agreement on December 15, 2011. Under the terms of the agreement, they agreed to pay \$1,500 per month from January 15, 2012 to January 14, 2015.

Minimum lease payments are as follows for the years ending December 31

2012	\$ 18,000
2013	18,000
2014	18,000
2015	<u>1,500</u>
Total	<u>\$ 55,500</u>

The Foundation has entered into two sublease contracts in which they have agreed to sublease offices within their office space. The first sublease contract is for a term of twelve months, January 15, 2012 to January 14, 2013, for \$270 a month. The second contract is for a term of twelve months, March 1, 2012 to March 1, 2013, for \$180 a month.

LOUISIANA CULTURAL ECONOMY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

**NOTE F - SUBSEQUENT EVENTS**

FASB Accounting Standards Codification Topic 855, "Subsequent Events" addresses events which occur after the balance sheet date but before the issuance of financial statements. An entity must record the effects of subsequent events that provide evidence about conditions that existed at the balance sheet date and must disclose but not record the effects of subsequent events which provide evidence about conditions that existed after the balance sheet date. Additionally, Topic 855 requires disclosure relative to the date through which subsequent events have been evaluated and whether that is the date on which the financial statements were issued or were available to be issued. Management evaluated the activity of Louisiana Cultural Economy Foundation through May 09, 2013, the date the financial statements were issued, and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.

# PAILET, MEUNIER and LeBLANC, L.L.P.

Certified Public Accountants  
Management Consultants

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
Louisiana Cultural Economy Foundation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Louisiana Cultural Economy Foundation (a nonprofit organization) ("the Foundation"), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 09, 2013

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Paillet, Menner and LeBlanc, LLP*

Metairie, Louisiana  
May 09, 2013

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

We were engaged to audit the financial statements of Louisiana Cultural Economy Foundation, as of December 31, 2012 as of and for the year then ended and have issued our report thereon dated May 09, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

A Control Deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements: No. Material weaknesses: No.

B Noncompliance which is material to the financial statements: No.

C Control Deficiencies in internal control over major programs: N/A.  
Material weaknesses: N/A.

D The type of report issued on compliance for major programs: N/A.

E Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: N/A.

F Major programs: N/A.

G Dollar threshold used to distinguish between Type A and Type B programs: N/A.

H Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: N/A.

I A management letter was issued: No.

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Not applicable